ISHAELI-ARAB SITUATION

- Since Gaza incident (28 Feb) and subsequent UN condemnation Ī. of Israel, Tel Aviv has complained in increasing volume both publicly and to Western diplomats that Imraeli government can no longer restrain itself in face insecurity of Israeli-Egyptian frontier.
 - A. Latest form these complaints are statements from several sources, including Prime Minister Sharett, that Israeli sentiment growing to drive Egyptians -- and presumably Arab refugees -- from Gaza strip once and for all.
 - 11. These complaints and threats accompanied by Israeli pleading for two forms diplomatic action from US:
 - 1. Requests for UE pressure on Egypt to exercise costrol refugees and Egyptian troops along cease-fire line. Israel refuses, however, to accept most promising concrete proposals of UNTSO for reducing likelihood incidents.
 - 2. Requests that US give general guarantees Israel security, additional to those contained in US-UK-French declaration of 1950.
 - C. Sharett has assiduously fostered impression that, unless these requests met at least in part, he unable cope with israeli "activists," particularly in view upcoming national elections (scheduled 26 July).

Israeli war against Egypt nonetheless unlikely. II.

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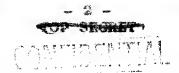
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Tel Aviv's foreign policy appears to be based on close reasoning and fine calculation of risks and effect of actions on world opinion.

- B. Survival Israel is basically economic problem under present conditions. Israel seems unlikely initiate war unless "back to wall" economically and may be uncertain of its ability to defeat united Arabs.
 - to incur serious risk of war with Arabs and probable hold-up foreign aid which such war would entail.
- C. Israel also demonstrably able to assess both Egypt's current internal problems and its military weaknesses.
 - I. Israel recognizes that, despite belligerest propaganda statements and inability fully control border troops, Egypt will lean over backwards to avoid actual war.
- party has good reason to adopt "tough" line together with "tough" actions -- e.g. reprisal raids -- for domestic public and foreign diplomatic consumption.
 - i. Line not only appeals to emotions of electorate, but might also elicit assurances from US or UK which could be cited as proof success Mapai foreign policy.



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- calculated campaign to derive domestic political advantages
 for Ampai party and, if possible, secure diplomatic advantages
 from vest.
 - a. Sharett's difficulties with "activists" is eabinet -- especially Defence Minister Sen Gurion -- almost surely exaggerated and possibly completely phony.
 - B. East difficulties may be with conservative General Zionists who have close relations with American Jews and who may fear effects of present tough "line" on UN.
 - israel unlikely risk a general war with Arabs at this time, since disadvantages of such course on rational calculation appear outweigh gains.
 - i. Diplomatic reaction from US and UE governments would probably be mostile to Iurael.
 - 2. Forld opinion probably would be offended if Arab refugees incur further suffering as result lerzeli action.

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ISRAELI-ARAB SITUATION

Background on current proposals for reducing tension

Gen Burns' four proposals for reducing tension and referred to in UN resolution of 30 March.

- 1. Joint patrols along sensitive sections of demarcation line.
- 2. Megotiation of a Local Commanders' Agreement.
- 3. Earbed wire obstacle long certain portions of the demarca-
- 4. Manning of all outposts and patrols by regular Egyptian and Israeli troops.

Egypt has accepted all four points with certain reservations—opposes "direct" phone calls under Local Commanders' Agreement, and barbed wire along demarcation line; agrees, however, to obstacles inside Gaza territory.

Israel agrees to three of proposals, but rejects joint patrols — fears invasion of sovereignty if Egyptian patrols allowed inside Israel.

Egypt has also proposed withdrawal of troops on both sides an undetermined distance-possibly one kilometer-from the demarca-

| tion line. |
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